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INFORMATION REPORT

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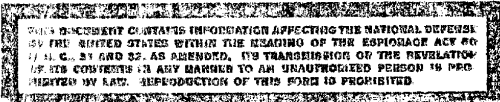
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THIS IS UNEVALUATED INFORMATION

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SOURCE

SMV Finances

1. During July 1950 the SMV suffered such an acute shortage of cash that it was barely able to meet its monthly payroll. SMV Headquarters now has debts amounting to 6,000,000 schillings and the SMV Purchasing Office, debts of more than 5,000,000 schillings. At the present time it seems unlikely that the Soviets will clear this indebtedness.

SMV's Economy Program

2. In an extensive effort to cut down expenses, the SMV is curtailing drilling operations, consolidating storage facilities and dismissing workers in all SMV enterprises. The Soviets have stopped all drillings in D.E.A. fields I, II, and III and have abandoned all plans for new drilling operations in the Muehlberg and Maustrenk areas. Only active wells at Neusiedl, Muehlberg and Maustrenk will continue in operation and all derricks now idle in these oil fields will be moved to Matzen. The Soviets are also planning to transfer all equipment now stored in the SMV Central Warehouse at Neusiedl to a new warehouse in Matzen. (1) However they intend to retain the large tank depot at Neusiedl because it is directly connected with a pipeline to Czechoslovakia. Officials at SMV Headquarters have decided to use the Wifo-Lobau tank depot to store transit shipments and have already arranged for the immediate delivery of 300 tons of sugar to this warehouse. (2) There is some speculation among SMV employees regarding the possibility that the Soviets will construct a storage depot in Matzen. Fifty Neusiedl oil field workers have been laid off and 200 others have been transferred to Matzen. Despite the fact that the SMV is still focusing its attention on the Matzen fields, lack of funds has impeded routine operations in this area as well. Two hundred employees have already been dismissed and Matzen officials have received an order to release 400 more who will be replaced by workers from Neusiedl.

SMV Imports

3. SMV officials have been disturbed by the fact that most of the new iron pipe they have recently imported from the Soviet Union is defective. (3) During the last two weeks of July 1950 the number of pipe shipments from the USSR to the SMV dropped markedly. The following shipments were delivered from the USSR to the SMV Central Warehouse in Neusiedl a/d Zaya between 24 and 31 July 1950:

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Next Revision

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No Change in Class.	
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CENTRAL INTELLIGENCE AGENCY

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- 3 carloads containing 86,359 kilograms of pipe from Taganrog.
- 3 carloads containing 51,184 kilograms of pipe from an unidentified railroad depot in the USSR.
- 2 cases of measuring devices, weighing a total of 137 kilograms, from Werk fuer Kontrollmessgeraete, Moscow.
- 20 cases of drillometers, weighing a total of 2,330 kilograms, from Werk fuer Kontrollmessgeraete, Moscow.
- 1 case of ball bearings, weighing a total of 62 kilograms, from the Karganovich ball bearing factory, Moscow.

SMV Vienna Offices

- 4. After months of deliberation over the choice of a location for their Vienna offices, SMV officials have abandoned all plans to use the A. Porr A.G. building on Getreidemarkt, Vienna I. The Central Laboratory and the Transport Section, the only SMV offices which ever actually occupied space in the Porr building, will be moved to another location. It is rumored that a manufacturing concern is planning to lease the Porr property. (4)

SMV Personnel

- 5. The SMV inspector who arrived last month from Moscow has requested an extension of his assignment in Vienna. (5) Acting upon the inspector's orders, Kusun, Soviet director of the Purchasing Office, has fired Engr. Erike, whom he hired from USIA as a world trade expert, and Thienel, whom he employed as comptroller and market statistician. Both Erike and Thienel are members of the Communist Party. (6)
- 6. Kusun has ordered all employees who have not yet taken vacations to do so before the end of August 1950. SMV employees believe that Kusun expects to lay off more workers this fall and is trying to avoid paying termination wages plus holiday pay to these employees. (7)

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- (1) ~~Comment:~~ Source reported in April 1950 that the Soviets were planning to build a new warehouse in the Matzen area which would be larger than the main warehouse in Neusiedl; see ~~5~~.

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- (2) ~~Comment:~~ Apparently the SMV intends to follow USIA's practice of selling luxury foodstuffs to acquire ready cash.

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- (3) ~~Comment:~~ For a previous reference to shipments of damaged pipe to the SMV, see ~~25X1A~~.

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SMV, see

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- (4) ~~Comment:~~ See ~~25X1A~~.

- (5) ~~Comment:~~ See ~~25X1A~~.

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- (6) ~~Comment:~~ Erike and Thienel were mentioned most recently in ~~25X1A~~.

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- (7) ~~Comment:~~ Source previously reported that the Soviets were trying to evade payment of termination wages as prescribed by Austrian law; see ~~25X1A~~.

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